

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In Re NANOPHASE TECHNOLOGIES
CORPORATION SECURITIES LITIGATION

No. 98 C 3450

This Document Relates To:
All Actions Except 98 C 7447 (Harbour Court
LPI v. Nanophase Technologies Corp.)

Judge David H. Coar

DOCKETED
DEC 14 2001

FILED

DEC - 6 2001

MICHAEL W. DOBBINS
CLERK, U.S. DISTRICT COURT

TO: Counsel for Defendants (See Attached Service List)

NOTICE OF MOTION

PLEASE TAKE NOTICE that on Thursday, December 13, 2001, at 9:15 a.m., Lead Plaintiffs, by counsel, will present the attached Plaintiffs' Motion For An Order Adopting The Recommendations Of The Claims Administrator As To Class Member Claims, Compensating The Claims Administrator, and Directing Distribution Of The Net Settlement Fund before the Honorable David H. Coar in Courtroom 1419 at the United States District Court, 219 S. Dearborn Street, Room 1419, Chicago, Illinois.



One of the Attorneys for Lead Plaintiffs

Edwin J. Mills
Jules Brody
STULL, STULL & BRODY
6 East 45th Street
New York, New York 10017
(212) 687-7230

Robert D. Allison
ROBERT D. ALLISON & ASSOCIATES
122 S. Michigan Ave., Suite 1850
Chicago, Illinois 60603
(312) 427-7600

Chair of Plaintiffs'
Executive Committee

Co-Liaison Counsel for Plaintiffs

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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

FILED

DEC - 6 2001

MICHAEL W. DOBBINS
CLERK, U.S. DISTRICT COURT

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In Re NANOPHASE TECHNOLOGIES : No. 98 C 3450
CORPORATION SECURITIES :
LITIGATION : Judge David H. Coar
-----X
This Document Relates To All Actions :
Except 98 C 7447 :
-----X

DOCKETED
DEC 14 2001

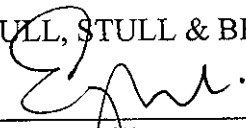
**PLAINTIFFS' MOTION FOR
AN ORDER ADOPTING THE RECOMMENDATIONS OF THE CLAIMS
ADMINISTRATOR AS TO CLASS MEMBER CLAIMS, COMPENSATING THE
CLAIMS ADMINISTRATOR, DIRECTING DISTRIBUTION OF THE
NET SETTLEMENT FUND AND GRANTING OTHER RELIEF**

Lead Plaintiffs in this settled class action case, by their undersigned counsel, hereby respectfully move the Court for entry of an Order adopting the recommendations of the Claims Administrator as to class member claims, compensating the Claims Administrator, directing distribution of the Net Settlement Fund and granting other relief. A proposed form of Order accompanies this Motion.

In support of this Motion Lead Plaintiffs rely on the Declaration of Edwin J. Mills, Chair of Plaintiffs' Executive Committee, executed on November 30, 2001 and the Affidavit of Michael Rosenbaum of David Berdon & Co. LLP, Claims Administrator, sworn to November 28, 2001, submitted herewith.

Dated: December 3, 2001

STULL, STULL & BRODY


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6 East 45th Street
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212-687-7230

Chair of Plaintiffs' Executive Committee

181

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Plaintiffs' Executive Committee¹

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and

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312-346-3466

Plaintiffs' Liaison Counsel

MILBERG WEISS BERSHAD HYNES
& LERACH LLP
Joshua H. Vinik
One Pennsylvania Plaza
New York, NY 10119

¹ Wolf Haldenstein Adler Freeman & Herz LLP is also a member of Plaintiffs' Executive Committee. Minute Order dated September 27, 1999. Because, however, this document does not include or affect the Harbour Court action, Case No. 98 C 7447, Wolf Haldenstein should not be regarded as a signatory to, or otherwise responsible for, this document.

BERNSTEIN LITOWITZ BERGER
& GROSSMANN LLP

Daniel L. Berger
Rochelle Feder Hanson
1285 Avenue of the Americas
New York, NY 10019

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THE LAW OFFICE OF LEO W. DESMOND

Leo W. Desmond
2161 Palm Beach Lakes Blvd.
West Palm Beach, Florida 33409

Plaintiffs' Counsel

Exhibit A

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

-----X	:	
In Re NANOPHASE TECHNOLOGIES	:	No. 98 C 3450
CORPORATION SECURITIES	:	
LITIGATION	:	Judge David H. Coar
	:	
-----X	:	
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This Document Relates To All Actions	:	
Except 98 C 7447	:	
	:	
-----X	:	

**[PROPOSED] ORDER ADOPTING THE RECOMMENDATIONS OF THE CLAIMS
ADMINISTRATOR AS TO CLASS MEMBER CLAIMS, COMPENSATING THE
CLAIMS ADMINISTRATOR, DIRECTING DISTRIBUTION OF THE
NET SETTLEMENT FUND AND GRANTING OTHER RELIEF**

WHEREAS, Lead Plaintiffs in this settled class action case, by Lead Counsel, have moved the Court for an Order adopting the recommendations of the Claims Administrator as to class member claims, compensating the Claims Administrator, directing distribution of the Net Settlement Fund and granting other relief;

WHEREAS, pursuant to the Stipulation of Settlement dated November 14, 2000, defendants' insurer has caused to be created a settlement fund in the aggregate amount of \$4,025,000, the net proceeds of which, after certain Court-approved payments and deductions, constitutes the Net Settlement Fund which is to be divided, in accordance with the Stipulation of Settlement, among all class members who submit timely and valid proof of claim forms;

WHEREAS, on December 6, 2000, the Court entered an Order preliminary approving the proposed Settlement and authorizing Plaintiffs' Executive Committee for the Class to notify members of the Class of the proposed Settlement;

WHEREAS, Plaintiffs' Executive Committee has, pursuant to the Stipulation of Settlement, retained the accounting firm of David Berdon & Co. LLP to serve as Claims Administrator;

WHEREAS, on March 27, 2001, the Court entered a Final Judgment of Dismissal with Prejudice approving the fairness of the proposed Settlement on the terms set forth in the Stipulation of Settlement, directing the compensation of Class Counsel, and reserving jurisdiction, without affecting the finality of the Final Judgment of Dismissal With Prejudice, over, among other things, disposition of the Settlement Fund;

WHEREAS, the Claims Administrator has completed all of the administrative procedures necessary for the distribution of the Net Settlement Fund to all eligible claimants, and the Claims Administrator can promptly effect distribution of the Net Settlement Fund upon Court approval. See Affidavit of Michael Rosenbaum of David Berdon & Co. LLP, sworn to November 28, 2001 (the "Rosenbaum Affidavit");

WHEREAS, the Claims Administrator has represented to the Court that 450 of the Proof of Claim and Release Forms submitted to the Claims Administrator have been properly documented and determined to be valid claims and are, therefore, being recommended to the Court for acceptance. See Rosenbaum Affidavit ¶ 7a;

WHEREAS, the Claims Administrator has further represented to the Court that 26 Proof of Claim and Release Forms did not adequately document the claims, after being given ample notice and opportunity to do so and such claims are, therefore, being recommended for rejection. See Rosenbaum Affidavit ¶ 7b;

WHEREAS, the Claims Administrator has further represented to the Court that 43 Proof of Claim and Release Forms submitted to the Claims Administrator have been determined to represent ineligible claims and such claims are, therefore, being recommended to the Court for rejection. See Rosenbaum Affidavit ¶ 7c;

WHEREAS, the Claims Administrator has submitted sworn proof of its services rendered herein in providing notice to the Class, in administering the Settlement Fund, in examining each of

the Proof of Claim and Release forms which had been submitted to the Claims Administrator and in providing other services, and the Claims Administrator has represented that its fees for such services amount to \$30,000.00. See Rosenbaum Affidavit ¶ 9 and Exhibit G;

WHEREAS, the Claims Administrator has also represented that it has incurred or will incur expenses in the amount of \$4,384.78 during the course of the claims administration. See Rosenbaum Affidavit ¶ 10 and Exhibit G;

WHEREAS, Edwin J. Mills of Stull, Stull & Brody, Chair of Plaintiffs' Executive Committee, has submitted sworn proof supporting the recommendations of the Claims Administrator with respect to the acceptance and rejection of Class member claims, with respect to the fairness of the compensation and expense amounts requested by the Claims Administrator, and requesting the payment out of the Settlement Fund of \$588.56 in unreimbursed expenses by Stull, Stull & Brody. See Declaration of Edwin J. Mills executed on November 30, 2001 (the "Mills Declaration"); and

WHEREAS, Lead Counsel for the Class has recommended that any balance of the Net Settlement Fund remaining after distribution to eligible claimants be contributed to the National Multiple Sclerosis Society.

NOW, THEREFORE, having duly considered the Motion, the Mills Declaration and Rosenbaum Affidavit, and the Court being duly advised in the premises, it is hereby ORDERED as follows:

1. The Court adopts the recommendations of the Claims Administrator with respect to the acceptance and rejection of Class member claims as set forth in the Rosenbaum Affidavit and the exhibits thereto.
2. The claims of those person identified in Exhibit C to the Rosenbaum Affidavit, including those persons who submitted claims after the initial submission deadline established by the Court, are allowed.

3. For good cause shown, and after sufficient notice and opportunity to be heard was given, the claims of those persons identified in Exhibits D and E of the Rosenbaum Affidavit are rejected, and such persons are barred from asserting claims arising from the claims administration process herein against the Claims Administrator, against Class Counsel, against defendants and/or defendants' insurer and against the Settlement Fund.

4. The Court approves the payment to David Berdon & Co. LLP, Claims Administrator, in the aggregate amount of \$34,384.78 for services rendered and expenses incurred and to be incurred by the Claims Administrator in the course of claims administration. The Court directs that such payment be made to the Claims Administrator out of the Net Settlement Fund as soon as practicable.

5. The Court further directs that payment in the amount of \$588.56 be made to Stull, Stull & Brody out of the Net Settlement Fund as soon as practicable.

6. After the payments to the Claims Administrator and Stull, Stull & Brody as set forth in this Order, and after the payment, or the reserve for payment, of any and all taxes which are or may become owing on the Net Settlement Fund, the Claims Administrator shall promptly distribute the balance of the Net Settlement Fund to and among those persons whose claims have been accepted as set forth in the Rosenbaum Affidavit and the exhibits annexed thereto.

7. Any balance of the Net Settlement Fund which is remaining after distribution to eligible claimants and after a reasonable time has elapsed to allow such claimants to cash their settlement checks shall be contributed to the National Multiple Sclerosis Society.

8. Without in any way affecting the Final Judgment of Dismissal With Prejudice dated March 27, 2001 previously entered in this action, upon distribution of the Net Settlement Fund and full compliance with this Order, the parties to the Stipulation of Settlement, their agents and attorneys and the Claims Administrator shall be deemed to be conclusively released from any claims

arising out of or in any way relating to the Settlement and the claims administration herein.

Dated: Chicago, Illinois

_____, 2001

SO ORDERED:

David H. Coar
United States District Judge

Exhibit B

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

-----X	:	
In Re NANOPHASE TECHNOLOGIES	:	No. 98 C 3450
CORPORATION SECURITIES	:	
LITIGATION	:	Judge David H. Coar
	:	
-----X	:	
This Document Relates To All Actions	:	
Except 98 C 7447	:	
	:	
-----X	:	

DECLARATION OF EDWIN J. MILLS

1. I am of counsel to Stull, Stull & Brody. Stull, Stull & Brody has been designated Chair of Plaintiffs' Executive Committee for the Lead Plaintiffs and the Class by previous order of this Court. I am thoroughly familiar with all aspects of this litigation, including the settlement thereof and the recent class notice and claims administration procedures which have been employed to arrange for distribution of the Net Settlement Fund to eligible claimants.

2. As part of the claims administration, I have worked closely with David Berdon & Co. LLP, the Claims Administrator, in giving notice to the Class members and in assisting all class members who wished to file claims to the Settlement Fund to file such claims in a timely and acceptable manner.

3. I have reviewed the Affidavit of Michael Rosenbaum of David Berdon & Co. LLP, Claims Administrator, sworn to November 28, 2001 ("Rosenbaum Affidavit") submitted herewith and the recommended acceptance and rejections of claims set forth therein and in the exhibits thereto. I am also familiar with the underlying procedures utilized by Berdon, including the standards used by Berdon in reaching their recommendations and the procedures utilized by Berdon, discussed in the Rosenbaum Affidavit, to provide to all Class members, whose claims

were initially deemed deficient for any reason, the opportunity to submit an acceptable claim.

4. I request that the Court approve the claims determinations set forth in the Rosenbaum Affidavit and the exhibits thereto.

5. I have also reviewed the request for compensation and expenses set forth in the Rosenbaum Affidavit and believe the request to be fair and reasonable in light of the services rendered by Berdon, the passage of time during which Berdon has rendered services without compensation, and other relevant considerations. I request that the Court approve the fee and expense request set forth in the Rosenbaum Affidavit.

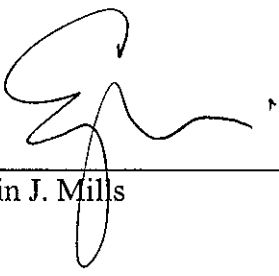
6. Since submitting to the Court my Declaration executed on March 16, 2001 in connection with the settlement and fee hearing held on March 27, 2001, my firm has expended a considerable amount of attorney time in connection with settlement administration and related matters. No request for compensation is being made with respect to these attorney hours. Further, no request for compensation or reimbursement of expenses is being made in connection with this Motion or the hearing on this Motion. However, my firm has incurred additional out-of-pocket expenses since my March 16, 2001 Declaration in the amount of \$588.56, consisting principally of my travel expenses for participation at the settlement and fee hearing held on March 27, 2001 in the aggregate amount of \$317.50, and additional expenses for copies, overnight delivery service and postage in the aggregate amount of \$271.06. Accordingly, I respectfully request that the Court direct reimbursement to Stull, Stull & Brody in the amount of \$588.56 out of the Net Settlement Fund.

7. I also request that the Court permit and direct any balance which is remaining in the Net Settlement Fund after the distribution to eligible claimants and after a reasonable time has elapsed to allow such claimants to cash their settlement checks to be contributed to the National Multiple Sclerosis Society. In support of this request the Court is respectfully referred

to Judge Plunkett's February 10, 1999 distribution order in In re Caremark International, Inc. Securities Litigation, No. 94 C 4748 (N.D. Ill.), which is annexed hereto as Exhibit A.

I hereby declare under penalty of perjury that the foregoing is true and correct.

Executed on November 30, 2001.



Edwin J. Mills

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

FILED

-----X
IN RE CAREMARK INTERNATIONAL
INC. SECURITIES LITIGATION

Case No. 94 C 47 JAN 20 1999

-----X
THIS DOCUMENT RELATES TO:
ALL ACTIONS

Honorable Paul E. Plunkett -JINS
CLERK, U.S. DISTRICT COURT

-----X
ORDER APPROVING DISTRIBUTION OF THE NET SETTLEMENT FUND

WHEREAS, on December 15, 1997, this Court entered a Final Judgment approving the terms of provisions of the Stipulation of Settlement in this class action and awarding counsel fees and expenses; and

WHEREAS, this Court has retained and reserved jurisdiction over this action for purposes of effectuating and enforcing the settlement; and

WHEREAS, this Court having been advised by Plaintiffs' Counsel that the Net Settlement Fund is ready to be distributed to Authorized Claimants in accordance with the terms and provisions of the Stipulation of Settlement previously approved by the Court; and

WHEREAS, Class Counsel has recommended that any balance of the Net Settlement Fund remaining after distribution to the Authorized Claimants and payment of income taxes be contributed to the National Multiple Sclerosis Society;

NOW, THEREFORE, upon reading and filing the affidavit of Lester L. Levy, Esq. sworn to on January 19, 1999, and the affidavit of Donald B. Kahaner, executed on January 6, 1999, and upon all of the prior proceedings heretofore had herein and after due deliberation, it is

ORDERED, that the Net Settlement Fund consisting of approximately \$17,075,000, subject to a reserve of approximately \$75,000 for additional income taxes due, be

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EXHIBIT A TO DECLARATION
OF EDWIN J. MILLS

distributed to the Authorized Claimants set forth in Exhibit F to the affidavit of Donald B. Kahaner; and it is further

ORDERED, that the claims set forth in Exhibits C and E to the affidavit of Donald B. Kahaner are rejected; and it is further

ORDERED, that any balance of the Net Settlement Fund remaining after distribution to the Authorized Claimants and a reasonable time has elapsed to allow Authorized Claimants to cash their distribution checks, be contributed to the National Multiple Sclerosis Society; and it is further

ORDERED, that the parties, counsel herein in any capacity in which they may act hereunder, and any employees or agents of such law firms or the parties (including without limitation those employees who may furnish services in connection with the Settlement) shall not be liable for anything done or omitted to be done in connection with the settlement and the administration thereof except for their own willful misconduct, and it is further

ORDERED, that the Court retain jurisdiction over any further application or matter which may arise in connection with this action.

Dated:

February 10,
January 10, 1999
ph

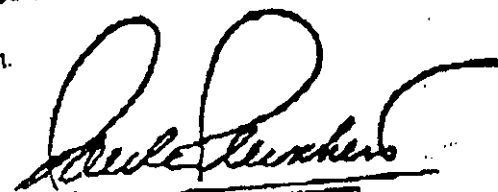

HON. PAUL E. PLUNKETT
UNITED STATES DISTRICT JUDGE

Exhibit C

UNITED STATES DISTRICT COURT
FOR THE NORTHEASTERN DISTRICT OF ILLINOIS
EASTERN DIVISION

----- X	:	
In re: NANOPHASE TECHNOLOGIES	:	No. 98 C 35340
CORPORATION SECURITIES LITIGATION	:	
----- X	:	Judge David H. Coar
	:	
THIS DOCUMENT RELATES TO	:	Magistrate Judge
ALL ACTIONS EXCEPT 98 C 7447	:	Martin C. Ashman
----- X	:	

STATE OF NEW YORK)
) ss.:
COUNTY OF NASSAU)

**AFFIDAVIT OF MICHAEL ROSENBAUM IN SUPPORT OF
MOTION TO DISTRIBUTE NET SETTLEMENT FUND**

MICHAEL ROSENBAUM, being duly sworn, deposes and says:

1. I am a partner in the firm of David Berdon & Co. LLP ("Berdon"), Claims Administrator in the above-captioned class action. I am and have been the person at Berdon primarily responsible for administering the settlement of this litigation and have worked with, and under the direction of, Edwin J. Mills, Esq. of the offices of Stull, Stull & Brody, Chair of Plaintiffs' Executive Committee ("Plaintiffs' Counsel"). This affidavit describes the claims administration process that Berdon has provided in this matter.

2. Berdon was retained by Plaintiffs' Counsel to arrange for the printing and mailing of the Notice of Class Action, Proposed Settlement and Hearing Thereon and the Proof of Claim and Release Form (collectively, the "Notice"). The Notice was mailed on December 28, 2000 to all persons and entities who purchased the common stock of Nanophase Technologies Corporation ("Nanophase") at any time from November 26, 1997 through and including January 8, 1998 (the "Class Period").

3. In performing these tasks on behalf of Plaintiffs' Counsel, Berdon dealt directly with a financial printer with regard to the Notice. We made formatting suggestions to, and compiled comments from, counsel on the galley proofs of the Notice, causing the necessary revisions to be made. To effect the mailing, Berdon created mailing labels from lists of the names and addresses of Nanophase shareholders, identified from: (a) common stock transfer records and from the names and addresses of brokers, banks and other nominees identified from the Depository Trust Company Participant Positions Report, both furnished to this office by the Defendant Nanophase; and (b) customer transaction records, separately furnished to Berdon by the Underwriter Defendants. Mailing labels were also created from the names and addresses of: (a) the specific research and/or compliance personnel of brokers, banks and other nominees, identified from a data base created and maintained by Berdon; and (b) financial institutions identified by Vickers Directory of Institutional Investors as having held positions in Nanophase during the Class Period.

4. Subsequent to the initial mailing of 3,819 copies of the Notice on December 28, 2000, Berdon received telephone and written requests for additional copies thereof from potential Class members and from banks, brokers and other nominees. Mailing labels for beneficial owners were also received from various nominees. As a result, to date Berdon has sent an additional 3,173 Notices to banks, brokers, other nominees and directly to individual potential Class Members.

5. Pursuant to instructions from Plaintiff's Counsel, Berdon has reviewed and analyzed the Proof of Claim and Release Forms ("Proof(s) of Claim" or "claim form(s)") received from potential Class members. We have answered all questions regarding the action, the settlement and the procedures for filling out the claim forms. We were also in close contact with Plaintiffs' Counsel to review the administration process and to address concerns regarding claims that Berdon had deemed either questionable or problematic. All large individual and institutional claims were also reviewed individually and in great detail. Our final report (the "Summary of the Claims Administration Process"), which is described in detail below, is annexed hereto as **Schedule 1**.

6. In reviewing the Proofs of Claim that have been submitted, Berdon determined that some were deficient or incomplete. Among the various types of deficiencies found were: (a) claim forms were not filled out completely; (b) claim forms were not signed by the proper party, or at all; (c) individuals signing claim forms on behalf of others did not submit proof of authority to file on behalf of those claimants; or (d) claimants failed to submit adequate documentation of the purchases, sales or holdings of Nanophase common stock during the Class Period, or otherwise failed to give adequate information as to Class Period purchases, sales and/or holdings. Berdon mailed letters to these claimants (**Exhibit A**), requesting that they cure the deficiencies in their claims, and they were given at least 20 days to do so. In many cases the deficiencies were cured. If the deficiencies were not cured, Berdon mailed final notices to these claimants (**Exhibit B**) and made follow-up telephone calls where further clarification was required with respect to supporting documentation.

7. Berdon's "Summary of the Claims Administration Process" (**Schedule 1**) sets forth the final status of claims received by this office, detailed as follows:

a. PROPERLY DOCUMENTED CLAIMS: Berdon has identified 450 properly documented claims, with Recognized Losses amounting to \$4,894,871.03 (**Exhibit C**), which were calculated in the manner set forth in the Notice. Included therein are 436 claims that were filed timely and 14 claims received after the filing deadline. We have ascertained that the primary reason for late claims is that these claimants did not receive a Proof of Claim from their brokers in a timely manner. We have therefore concluded that the reason for the late filings of these claims was through no fault of the beneficial holders, and we request that all valid and complete claims submitted late be approved as calculated.

b. CLAIMS NOT DOCUMENTED: Berdon has identified 26 inadequately documented or completely undocumented claims, with Recognized Losses amounting to \$56,359.84, which we recommend be rejected (**Exhibit D**). As stated above, we have communicated with these claimants and have advised them of our determination. None has objected to or contested this determination.

c. INELIGIBLE CLAIMS: Berdon has identified 43 claims which we recommend for complete rejection (**Exhibit E**). Included in this category are: (i) claims with no purchases of Nanophase common stock made during the Class Period; and (ii) duplicate claims. All of these claimants have been notified (**Exhibit F**), and none has objected to or contested this determination.

8. Pursuant to the Notice, each Authorized Claimant will receive a proportionate share of the Net Settlement Fund based upon the ratio of that Authorized Claimant's Recognized Loss to the aggregate of all Authorized Claimants' Recognized Losses.

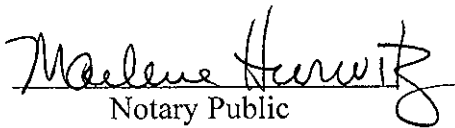
9. Berdon's fee for all services rendered in this case is \$30,000.00. Berdon's services are itemized in the annexed invoice (**Exhibit G**), to which the Court is specifically referred. The fee covers a variety of services, including, but not limited to: (a) creating databases and computer programming services, (b) arranging for the printing of the Notice; (c) creating mailing labels and generating lists of potential claimants for the initial Notice mailing; (d) fulfilling all subsequent requests from nominees and Nanophase beneficial owners for copies of the Notice; (e) reviewing and analyzing claims; (f) conducting follow-up fax and phone solicitations of nominees to reach their beneficial holders of Nanophase common stock; (g) providing telephone assistance to claimants and maintaining the Nanophase website; (h) calculating the Recognized Losses for ultimate distribution of the Net Settlement Fund; and (i) preparing income tax returns. The amount of the fee was set by a letter agreement, dated October 5, 2000, between this office and Plaintiffs' Counsel. The agreement states, in part, that if up to 1,500 claims are received, Berdon will bill at the rate of \$12.50 per claim; that if more than 1,500 claims are received, Berdon will bill at the rate of \$10.00 per claim; that if fewer than 2,000 claims are received, Berdon's fee will be \$25,000.00; and that our fee for preparing tax returns will be \$2,500.00 per year.

10. Additionally, during the course of the claims administration, this office has incurred, and will incur, the expenses included on **Exhibit G** in the total amount of \$4,384.78.

11. Thus, as reflected on **Exhibit G**, Berdon's outstanding fees and expenses total \$34,384.78.


MICHAEL ROSENBAUM

Sworn to before me this
28th day of November, 2001.


Notary Public

MARLENE HURWITZ
NOTARY PUBLIC, State of New York
No. 46-97422
Qualified in Nassau County
Commission Expires April 30, 2003

<p style="text-align: center;"> Schedule I NANOPHASE SECURITIES LITIGATION SUMMARY OF THE CLAIMS ADMINISTRATION PROCESS AS OF NOVEMBER 28, 2001 </p>				
	NUMBER OF CLAIMS	ALLOWED CLAIMS	DISALLOWED CLAIMS	TOTAL
Properly documented claims, which we recommend be included in the calculation of each claimant's allocable share of the Net Settlement Fund, including 14 claims received past the filing deadline (Exhibit C)	450	\$ 4,894,871.03	—	\$ 4,894,871.03
Undocumented claims, which did not include sufficient documentation of Class Period trading activity, and which we recommend not be included in the calculation of the allocable share of the Net Settlement Fund (Exhibit D)	26	—	\$ 56,359.84	56,359.84
Ineligible claims (Exhibit E)	43	—	—	—
Total	519	\$ 4,894,871.03	\$ 56,359.84	\$ 4,951,230.87

EXHIBIT A

NANOPHASE SECURITIES LITIGATION
c/o DAVID BERDON & Co. LLP
P.O. BOX 4171
GRAND CENTRAL STATION
NEW YORK, NY 10163

August 7, 2001

MISSING DOCUMENTATION LETTER
SAMPLE

Your Claim Number: Nanophase-1

Dear Claimant:

We acknowledge receipt of the Proof of Claim and Release form you filed in connection with the Nanophase Securities Litigation, which has been assigned the above claim number.

After careful examination of your claim, we have found it to be deficient for the following reason(s):

- Social Security number or Tax Id is missing. Please enter the number here and return to the above address: _____
- Proper signature(s). Please see the attached copy of your Proof of Claim and Release and note that both/all signature are required for joint claims.
- You did not provide documentation for the purchase(s) of shares of Nanophase Technologies Corporation common stock listed below. (The best form of documentation is one of the following: a copy of your brokerage statement or confirmation slip; a copy of Schedule D for your tax return(s); a letter from the broker. The documentation must include the trade date, quantity, and cost of the shares purchased.)

Date of purchase: 12/12/1997

Date of purchase: 01/01/1998

- You did not provide documentation for the sale(s) of shares of Nanophase Technologies Corporation common stock listed below. (The best form of documentation is one of the following: a copy of your brokerage statement or confirmation slip; a copy of Schedule D for your tax return(s); a letter from the broker. The documentation must include the trade date, quantity, and proceeds for the shares sold.)

Date of sale: 12/02/1997

Date of sale: 01/03/1998

- You did not provide documentation for the shares of Nanophase Technologies Corporation common stock held at the close of trading on January 8, 1998. (The best form of documentation is one of the following: a copy of your January 1998 brokerage statement; a copy of Schedule D for your tax return(s); a letter from the broker.
- Other (if applicable):

MISSING DOCUMENTATION LETTER

August 7, 2001

The above requested information must be provided within twenty (20) days from the date of this letter.

Please be advised that distribution cannot be made until all claims have been examined and evaluated. The distribution of settlement will be made in accordance with the Plan of Allocation as described in the Notice of Class Action, Proposed Settlement and Hearing Thereon. Distribution of the Net Settlement Fund is also subject to final approval by the Court.

Should you have any questions regarding this letter, please contact us at 1-800-766-3330.

It is extremely important that you advise us of any change of address by mail to the above address, or by fax at 516-931-0810.

Very truly yours,

Claims Administrator
Nanophase Securities Litigation

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re: Nanophase Technologies Corporation Securities Litigation
NO. 98 C 3450

August 7, 2001

Your Claim Number: Nanophase-1

CERTIFICATION

I (We) certify that I am (we are) not subject to backup withholding. (If you have been notified by the IRS that you are subject to backup withholding, strike out the previous sentence.)

I (We) declare and affirm under penalties of perjury that the foregoing statements and the documents attached hereto, including the Social Security or Employer Identification Number shown on this Proof of Claim Form, are true, correct and complete.

Date: ___/___/___ SIGNATURE of Claimant (Type or print name)

Date: ___/___/___ SIGNATURE of Joint Claimant (Type or print name)

If the Claimant is other than an individual, or if the Claimant is not the person completing this form, the following must also be provided:

Capacity of Person Signing _____ Name of Person Signing _____

If the Claimant is a brokerage firm, bank, financial institution, corporation, partnership or limited partnership, the certification must be signed by an officer, partner or general partner of the Claimant.

Date: ___/___/___

SIGNATURE of Officer, Partner or
General Partner

(Type or print name)

TITLE

NANOPHASE SECURITIES LITIGATION
c/o DAVID BERDON & Co. LLP
P.O. BOX 4171
GRAND CENTRAL STATION
NEW YORK, NY 10163

August 7, 2001

NO INFORMATION LETTER
SAMPLE

Your Claim Number: Nanophase-2

Dear Claimant:

We acknowledge receipt of the Proof of Claim and Release form you filed in connection with the Nanophase Securities Litigation, which has been assigned the above claim number.

After careful examination of your claim, we have found it to be deficient for the following reason(s):

- You did not indicate on your Proof of Claim and Release form any of the following:

1. Purchases of shares of Nanophase Technologies Corporation common stock during the period from November 26, 1997 through January 8, 1998, inclusive.
2. Sales of shares of Nanophase Technologies Corporation common stock during the period from November 26, 1997 through January 8, 1998, inclusive.
3. Number of shares of Nanophase Technologies Corporation common stock held at the close of trading on January 8, 1998.

(The best form of documentation is one of the following: a copy of your brokerage statement or confirmation slip; a copy of Schedule D for your tax return(s); a letter from the broker. The documentation must include the trade date, quantity purchased/sold, cost and sales proceeds.)

- Other (if applicable):
-

The above requested information must be provided within twenty (20) days from the date of this letter.

Please be advised that distribution cannot be made until all claims have been examined and evaluated. The distribution of settlement will be made in accordance with the Plan of Allocation as described in the Notice of Class Action, Proposed Settlement and Hearing Thereon. Distribution of the Net Settlement Fund is also subject to final approval by the Court.

Should you have any questions regarding this letter, please contact us at 1-800-766-3330.

It is extremely important that you advise us of any change of address by mail to the above address, or by fax at 516-931-0810.

Very truly yours,

Claims Administrator
Nanophase Securities Litigation

EXHIBIT B

NANOPHASE SECURITIES LITIGATION
c/o DAVID BERDON & Co. LLP
P.O. BOX 4171
GRAND CENTRAL STATION
NEW YORK, NY 10163

FINAL NOTICE

September 25, 2001

**MISSING DOCUMENTATION LETTER
SAMPLE**

Your Claim Number: Nanophase-1

Dear Claimant:

We have previously acknowledged receipt of the Proof of Claim and Release form you filed in connection with the Nanophase Securities Litigation, which has been assigned the above claim number.

After careful examination of your claim, we have found it to be deficient for the following reason(s):

- Social Security number or Tax Id is missing. Please enter the number here and return to the above address: _____
- Proper signature(s). Please see the attached copy of your Proof of Claim and Release and note that both/all signature are required for joint claims.
- You did not provide documentation for the purchase(s) of shares of Nanophase Technologies Corporation common stock listed below. (The best form of documentation is one of the following: a copy of your brokerage statement or confirmation slip; a copy of Schedule D for your tax return(s); a letter from the broker. The documentation must include the trade date, quantity, and cost of the shares purchased.)

Date of purchase: 11/26/1997

- You did not provide documentation for the sale(s) of shares of Nanophase Technologies Corporation common stock listed below. (The best form of documentation is one of the following: a copy of your brokerage statement or confirmation slip; a copy of Schedule D for your tax return(s); a letter from the broker. The documentation must include the trade date, quantity, and proceeds for the shares sold.)

Date of sale: 12/12/1997

- You did not provide documentation for the shares of Nanophase Technologies Corporation common stock held at the close of trading on January 8, 1998. (The best form of documentation is one of the following: a copy of your January 1998 brokerage statement; a copy of Schedule D for your tax return(s); a letter from the broker.
- Other (if applicable):

MISSING DOCUMENTATION LETTER

September 25, 2001

If you fail to furnish all the information requested above within ten (10) days from the date of this letter, we will recommend to the Court that your claim be either partially or completely rejected, without further notice.

Please be advised that distribution cannot be made until all claims have been examined and evaluated. The distribution of settlement will be made in accordance with the Plan of Allocation as described in the Notice of Class Action, Proposed Settlement and Hearing Thereon. Distribution of the Net Settlement Fund is also subject to final approval by the Court.

Should you have any questions regarding this letter, please contact us at 1-800-766-3330.

It is extremely important that you advise us of any change of address by mail to the above address, or by fax at 516-931-0810.

Very truly yours,

Claims Administrator
Nanophase Securities Litigation

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re: Nanophase Technologies Corporation Securities Litigation
NO. 98 C 3450

September 25, 2001

Your Claim Number: Nanophase-1

CERTIFICATION

I (We) certify that I am (we are) not subject to backup withholding. (If you have been notified by the IRS that you are subject to backup withholding, strike out the previous sentence.)

I (We) declare and affirm under penalties of perjury that the foregoing statements and the documents attached hereto, including the Social Security or Employer Identification Number shown on this Proof of Claim Form, are true, correct and complete.

Date: ___/___/___ SIGNATURE of Claimant (Type or print name)

Date: ___/___/___ SIGNATURE of Joint Claimant (Type or print name)

If the Claimant is other than an individual, or if the Claimant is not the person completing this form, the following must also be provided:

Capacity of Person Signing _____ Name of Person Signing _____

If the Claimant is a brokerage firm, bank, financial institution, corporation, partnership or limited partnership, the certification must be signed by an officer, partner or general partner of the Claimant.

Date: ___/___/___

SIGNATURE of Officer, Partner or General Partner (Type or print name)

TITLE _____

NANOPHASE SECURITIES LITIGATION
c/o DAVID BERDON & Co. LLP
P.O. BOX 4171
GRAND CENTRAL STATION
NEW YORK, NY 10163

FINAL NOTICE

September 25, 2001

NO INFORMATION LETTER
SAMPLE

Your Claim Number: Nanophase-2

Dear Claimant:

We have previously acknowledged receipt of the Proof of Claim and Release form you filed in connection with the Nanophase Securities Litigation, which has been assigned the above claim number.

After careful examination of your claim, we have found it to be deficient for the following reason(s):

- You did not indicate on your Proof of Claim and Release form any of the following:
 1. Purchases of shares of Nanophase Technologies Corporation common stock during the period from November 26, 1997 through January 8, 1998, inclusive.
 2. Sales of shares of Nanophase Technologies Corporation common stock during the period from November 26, 1997 through January 8, 1998, inclusive.
 3. Number of shares of Nanophase Technologies Corporation common stock held at the close of trading on January 8, 1998.

(The best form of documentation is one of the following: a copy of your brokerage statement or confirmation slip; a copy of Schedule D for your tax return(s); a letter from the broker. The documentation must include the trade date, quantity purchased/sold, cost and sales proceeds.)

- Other (if applicable):
-

If you fail to furnish all the information requested above within ten (10) days from the date of this letter, we will recommend to the Court that your claim be either partially or completely rejected, without further notice.

Please be advised that distribution cannot be made until all claims have been examined and evaluated. The distribution of settlement will be made in accordance with the Plan of Allocation as described in the Notice of Class Action, Proposed Settlement and Hearing Thereon. Distribution of the Net Settlement Fund is also subject to final approval by the Court.

Should you have any questions regarding this letter, please contact us at 1-800-766-3330.

It is extremely important that you advise us of any change of address by mail to the above address, or by fax at 516-931-0810.

Very truly yours,

Claims Administrator
Nanophase Securities Litigation

DATE: 11/28/01
TIME: 11:47:37

NANOPHASE TECHNOLOGIES CORPORATION SECURITIES LITIGATION
SUMMARY LOSS CALCULATIONS
FOR GOOD CLAIMS ONLY

PAGE:

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EXHIBIT C

CLAIM #	FULL NAME	RECOGNIZED LOSS
1	FRANK NAPOLI JR	0.00
2	THOMAS NAPOLI	0.00
3	CHARLES GOLDEN &	712.00
4	VICTORIA B AZRIN	1,780.00
5	ROBERT L BATDORF IRA R/O	0.00
7	MAGNA CARTER LP	178.00
8	F TYLER JOHNSON	2,670.00
10	LEMUEL A TARSHIS	534.00
11	JOSEPH HADDAD	10,680.00
12	ROSE HADDAD	10,680.00
13	DAVID J STEINBERG &	890.00
14	ROBERT A BUONANNO &	400.50
15	EARLE PETERSON IRA	0.00
17	STEVEN WEBSTER	6,230.00
18	STEPHEN D PRASSAS TRUST	0.00
19	ABIGAIL H PRASSAS	0.00
20	M&T TRUST CO AS CUSTODIAN FOR NCL	7,120.00
21	RONALD & SHULAMITH BARUCH JT WROS	1,875.00
22	JOHN HAMMERSCHLAG C/F	712.00
23	JOHN HAMMERSCHLAG C/F	712.00
24	ALBERT BERSH	890.00
25	THOMAS CULLINAN IRA R/O	356.00
26	FRED CRISUOLO	0.00
27	JAMES E ZIGANTO &	534.00
28	THOMAS G HAMMERSTEIN IRA DTD 9/19/95	356.00
29	MICHAEL T MAHER &	4,450.00
31	WILLIAM AND SALLY BARNARD JT TEN	1,780.00
32	MELVIN KATTEN &	2,670.00
33	BAYSIDE DEVELOPMENT CORP	0.00
34	SCOT HOLDING INC	5,340.00
35	EDWARD DONALDSON	1,780.00
36	KENNETH COWIN	2,225.00
38	SUZANNE EMERSON	0.00
39	JACK SCHWARTZ	3,560.00
40	GERALD LEVINE	1,780.00
42	ESTATE OF JAMES STEIN	50.00
43	JOEL WARTELL	3,560.00
44	HANS BURCHARTZ	267.00
45	VLADIMIR GOLOVCHINSKY	0.00
46	GUSTAV BRUNS	890.00
48	DAVID W QUINN	8,900.00
49	SD-JM DEVELOPMENT INC	0.00
50	KELLY C & KIAN K WONG FAMILY	2,670.00
51	CHRISTOPHER PRASSAS &	0.00
53	HERITAGE USA VALUE FUND	17,800.00
54	KAY SCHNURIGER	0.00
55	LEA RICHMOND JR &	0.00
56	MARK ANGEL &	267.00
57	HOWARD-BUZZ SIMONS,	5,340.00
58	THOMAS GRIFFIN IRA	178.00
59	PATRICIA GRIFFIN	667.50
60	JOHN AND BARBARA RYMPH JT TEN	356.00
61	JUDITH MARRUS	2,759.00
62	RICHARD M MEYERS &	5,340.00
63	WILLIAM ROOD	373.45
64	DONALD RAGAZZO	890.00
65	ADAM SAMIEC &	712.00
66	AHMED K SYED &	890.00
67	NANCY TAMELING	2,848.00
68	JOHN W HAMMERSCHLAG &	2,314.00
69	JOHN WILLIAMS JR	8,900.00
70	JAMES BANGERT SEP/IRA	498.40
72	RONALD CUMMINS	178.00
73	MICHELE A DAVIDSON	17.80
74	CLAIRE L WATSON &	534.00
75	LAMAR MC INTYRE	1,780.00
76	THOMAS L TAYLOR	356.75
77	NANCY L STETSON	890.00
78	FRANK J BLANKENSHIP &	534.00
79	TOMMY LYNN ALLMAN IRA R/O	534.00
80	SUZANNE C CHUN	534.00
81	ESPERANZA MIDCAP	865.00
82	GERALD L JESSEN &	890.00
83	JAMES R DUNN &	178.00
84	MICHAEL FITZGERALD IRA DTD 11/3/92	178.00
85	ANTHONY KIELAR	3,560.00
86	DIANE S ARNOLD	0.00
87	JOHN O'QUINN	22,419.10

DATE: 11/28/01
TIME: 11:47:37

NANOPHASE TECHNOLOGIES CORPORATION SECURITIES LITIGATION
SUMMARY LOSS CALCULATIONS
FOR GOOD CLAIMS ONLY

PAGE:

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CLAIM #	FULL NAME	RECOGNIZED LOSS
89	DRUE GAWEL IRA CONTRIBUTORY DTD 12/26/97	275.90
90	JAMES A MC KINLEY IRA DTD 1/24/96	801.00
91	POY HOM AND	890.00
93	ALBERT A SIBONY &	2,892.50
94	NORMA RUBIN &	356.00
95	J BLAKE & ANNE POGUE TEN COM	10,680.00
96	NOBLE NASH	8,010.00
98	JEANNIE PACE	178.00
99	DIANA CALLAWAY IRA	178.00
100	THOMAS DUARTE	635.00
101	CHRIS NICEWANDER &	178.00
102	DEBORAH K WONG LIVING TRUST DTD 10/11/95	1,780.00
103	JOHN D HESS & JANE E HESS TTEES	1,780.00
104	THE CHRISTOPHER CLAEYS TRUST UAD 11/28/89	0.00
105	MICHAEL D MACKIN	890.00
106	ROBERT LYNCH	356.00
107	PATRICIA F CHANDLER IRA	178.00
109	JOHN KRUGER &	534.00
110	JERRY LOVELESS IRA	178.00
113	HOWARD HENRY &	178.00
114	WILLIAM HERBERT HUNT TRUST ESTATE DTD	13,350.00
115	RUTHANN SAMBO IRA	245.64
116	JACK E SAMBO	356.00
117	JACK E SAMBO IRA	195.80
118	GAY HARTIGAN	2,136.00
119	HENRY STEVENS &	178.00
120	JACK AND SUSAN JACOBS JTWROS	178.00
121	GERRY GORMAN	534.00
122	ANITA DROBNY	0.00
123	DEL R BROWN	3,560.00
124	GAIL FREEMAN	0.00
125	ADELL D TROMMER IRA R/O	1,335.00
126	DUANE & GAYLE SMERYAGE JT WROS	0.00
127	GEORGE N SLAPPEY IRA	712.00
130	VERNE E KREGER IRA	178.00
131	HARVEY GROSSBLATT	534.00
132	DONALD SPETTER	1,780.00
133	JOEL MAGYAR	178.00
134	FLORENCE BRAUDY	1,780.00
135	THOMAS LEVY	2,314.00
136	ALLEN J GORRIS &	356.00
137	DARWIN L HOWARD	1,780.00
140	FRANCES RUDICOFF IRA	267.00
141	SUSAN LIEBER LOZADA IRA	400.50
142	LAWRENCE MC GRIEVEY IRA	178.00
143	MARIA JABLONSKI IRA ROLLOVER	178.00
145	ADAM D ORKIN &	445.00
146	WILLIAM B ORKIN	890.00
147	EUNICE VELLON IRA	5,340.00
148	EUNICE VELLON	890.00
149	KENNETH VELLON IRA	3,560.00
150	KENNETH L VELLON	8,900.00
151	DENNIS FERMAN	1,602.00
152	WHITNEY HOLDINGS LLC	250.00
153	EDWIN ISHIMOTO &	178.00
154	MARGIE BAIGH	2,848.00
155	ROBERT HORN	712.00
157	EVALINE KRUSE TRUST DTD 8/21/93	445.00
158	PHILIP HOUGHTON IRA	776.08
159	JOSEPH POWELL	89.00
161	JANETTE & ERNEST PONCE JT TEN	178.00
162	IRENE S LOULK	534.00
164	JAMES ARCARA IRA	0.00
165	EVA RUDIKOFF IRA	445.00
166	LOUIS J REGINE	4,450.00
167	CONNIE J WRIGHT TRUST	1,780.00
168	SCOT FORGE COMPANY	6,408.00
169	FREDERICK NELSON	356.00
170	ROBERT FINKELSTEIN	1,780.00
171	JOHN AMBREY	774.30
173	MYLES MCDONOUGH AND	178.00
174	JOHN JAY DAUER &	890.00
175	GERADO SANTOS	53.40
176	MARVIN JACOBS &	890.00
179	DIXIE KLOCK &	1,127.90
181	RICHARD & MARSHA COLBURN JT WROS	356.00
182	RICHARD J FRANKLIN &	356.00
184	ERIC RAVNDALL III I/A #4031-01-4/6.1	1,780.00

DATE: 11/28/01
TIME: 11:47:37

NANOPHASE TECHNOLOGIES CORPORATION SECURITIES LITIGATION
SUMMARY LOSS CALCULATIONS
FOR GOOD CLAIMS ONLY

PAGE:

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CLAIM #	FULL NAME	RECOGNIZED LOSS
185	THOMAS KRETLOW IRA	712.00
186	PRUDENTIAL SECURITIES INCORPORATED	0.00
187	KARIM ELIAS HEDERI FAMILY TRUST	890.00
188	LYNN BERKOWITZ TTEE	445.00
189	LYNN BERKOWITZ &	4,450.00
190	LYNN BERKOWITZ	2,225.00
191	ABE BERKOWITZ MARITAL TRUST DTD 6/19/85	1,780.00
192	GLENN D KOEHRSEN IRA	178.00
193	JOHN MC KAY	534.00
194	VERONICA PIKOLS IRA	356.00
195	JOHN D'AMICO &	356.00
196	JOE MOUNCE IRA R/O DTD 11/20/87	178.00
197	NORMAN E ASH &	44.50
198	EDWIN KULKA TRUST	1,780.00
199	ELEANOR R SEAMAN	445.00
201	DEBRA B DARVICK	267.00
202	MARTIN DARVICK &	890.00
203	MICHAEL YIP &	1,780.00
204	DEBRA B DARVICK	267.00
205	MARK HOWELLS TRUST DTD 6/25/97	1,780.00
206	HOWARD BAUMGARTEN IRA	2,670.00
207	GLORIA J FORTIN TTEE	356.00
209	FRANK CIARAMELLO IRA	890.00
210	SUZANNE SANDEGREN AND	356.00
211	MARIE GUERRIERO &	356.00
212	PAUL COSENTINO	178.00
213	NANCY W BONNER IRA	1,068.00
214	JOHN R BONNER SR	2,670.00
216	EDWARD RABIN AS TTEE	0.00
217	KENNETH G SPRINGER	5,340.00
218	PHILIP BJORNSTAD	0.00
219	ROBERT DIETRICHSON	178.00
220	JANET C CATANZARO &	267.00
222	BRUCE & LINDA HOYT JT WROS	525.00
223	MAUREEN BACON SEP IRA DTD 5/13/91	801.00
224	STEPHEN LESLIE IRA R/O	0.00
225	ROBERT L MABARAK	0.00
226	DIANE MATHEWS IRA	178.00
227	MARTA SHEINFELD	489.50
230	DIANE VANNORT &	534.00
231	JOAN ROTH	1,000.00
232	STEVEN R HUBER	0.00
233	STEPHEN COZZOLINO	4,450.00
234	BRADLEY CURTIS MART	0.00
235	STEVEN M RANEY &	178.00
236	DIMITRIOS MALAXIANIS	534.00
237	ROBERT MCVAY JR	712.00
238	MASON T NOOE	890.00
239	C R FORD REAL ESTATE LTD	750.00
242	RICHARD ZIMMERMAN	178.00
243	STEVEN KLEIN	0.00
244	PHILIP KRAMER IRA	356.00
246	LIORA MIZEL	0.00
247	KATHERINE HEMMETER	0.00
248	RL CAPITAL PARTNERS	5,518.00
249	J B TAYLOR &	1,780.00
250	NANCY F BUCK IRA	2,136.00
251	PAUL ROTHMAN	3,204.00
252	BENNETT YANOWITZ	5,340.00
253	WILLIAM CULLON &	356.00
254	ALBERT A VALANCIUS	1,780.00
255	ROBERT WILLIADSEN IRA R/O	178.00
256	DALE PARKER &	1,780.00
257	MAPLE PARTNERS LTD	0.00
258	JOSEPH JERKOVICH IRA	578.50
259	HARRY KAMMERER IRA	0.00
260	THOMAS MILLER	356.00
261	GARY FASSNACHT IRA R/O	178.00
262	MARYANN PAWLIKOWSKI	178.00
263	RAYMOND R HYSON JR	890.00
264	OSCAR INVESTMENT FUND LP	0.00
265	NADEZHDA MOZGOVAYA	890.00
266	STEVE N ROGERS &	101.46
267	KARL KESSEL TTEE	356.00
268	THOMAS LEIST	89.00
269	ADELHEID VIEFHUSE	6,052.00
270	BERNARD REVAK &	890.00
271	ALDEN SMITH IRA	890.00

DATE: 11/28/01
TIME: 11:47:38

NANOPHASE TECHNOLOGIES CORPORATION SECURITIES LITIGATION PAGE:
SUMMARY LOSS CALCULATIONS
FOR GOOD CLAIMS ONLY

4

CLAIM #	FULL NAME	RECOGNIZED LOSS
272	LESLEE B ALLEE C/F	178.00
273	LESLEE B ALLEE C/F	178.00
274	LESLEE B ALLEE C/F	222.50
276	JP MORGAN CHASE	30,260.00
277	CHRISTOPHER M HOULIHAN C/F	1,780.00
278	METROPOLITAN NASHVILLE AND DAVIDSON	9,434.00
279	FRANCISCAN SISTERS OF LITTLE FALLS	14,952.00
280	MERCK & CO INC	76,006.00
281	GAIL KNAPPENBERGER &	5,340.00
282	JOHNSON & JOHNSON	50,374.00
283	INTERNATIONAL PAPER	45,212.00
285	FORTRESS SMALL CAP EQUITY PARTNERSHIP A SMALL	21,182.00
286	SMALL CAP COLLECTIVE GROWTH FUND	11,392.00
287	CHAUVANON INVESTMENT PARTNERSHIP	8,544.00
288	ESTEE LAUDER COMPANIES EFIM	7,800.00
289	KENNETH S HERBERGER IRA	356.00
290	SHERRY L HERBERGER IRA	356.00
291	JOYCE G RUSSELL	178.00
292	DAVID JOHNSON &	1,246.00
293	HENRY J MARTINEZ	300.82
295	NEIL M LEVY IRA	1,780.00
297	WILLIAM J LAWSON AND	195.80
298	NANKING JIN	356.00
299	EDWARD FIORETTI &	1,780.00
300	DONALD ROBERTS	2,848.00
302	MICHAEL A LUKASEK	178.00
303	EUGENE SLIWINSKI IRA R/O	356.00
304	RAYMOND MATHIEU &	356.00
305	ROBERT E STRAWMAN AND	178.00
306	MEL MICKEVIC &	534.00
307	BRIAN F O'BRIEN &	178.00
308	THE JEANO & DOROTHY CAMPANARO TRUST	890.00
309	MARK BELL	267.00
311	RAO KOLLIPARA IRA	890.00
313	LEONARD RAPAPORT &	4,450.00
314	JEFFREY ALAN BRUGGEMANN	0.00
316	PAUL NUSSBAUM SEP	3,560.00
317	JOSEPHINE SMITH	1,780.00
318	TRUST B ESTATE OF REYNOL B SMITH	890.00
320	ESTATE OF MURRAY MASLOW	0.00
321	JULIANN RENTROP	121.04
323	TOM CARROLL	178.00
324	ROBERT SULLIVAN	178.00
325	MICHAEL KAPRIELIAN IRA	1,068.00
326	MICHAEL KAPRIELIAN	890.00
327	AARON KNOBLER TRUST	400.50
328	KARL KNOBLER ACF	623.00
329	MOLLY KNOBLER TRUST	445.00
330	OREGON STATE TREASURERS DEPARTMENT	356,000.00
331	LIBERTY ACORN FUND	979,000.00
332	HARRY CAUNTER	17,800.00
333	WELLS FARGO BANK MN NA TTEE	64,157.68
334	WELLS FARGO BANK MN NA TTEE	24,080.88
335	BRANT HATLER	890.00
336	HELMUT AUGENSTEIN	890.00
337	PHILIP AND JOANNE CIMINO JT TEN	178.00
339	JOSEPH A AMARANTE	400.50
341	ESTATE OF RUDOLPH S MAURIZI &	1,406.25
342	CRAIG KLAASMEYER	7,120.00
343	CATHLEEN C MCFARLANE	3,560.00
345	PAUL A LEVY TTEE	0.00
346	FIRST MERIT BANK NA TTEE	5,162.00
347	FIRST MERIT BANK NA AGENT	7,120.00
349	BNY MIDWEST TR CO TTEE OF ORYX ENERGY	17,149.50
350	FIRST MERIT BANK NA	3,293.00
351	FIRST MERIT BANK NA	3,186.20
352	KACHARABHAI K PATEL	1,780.00
353	MELBA PRESLEY IRA R/O	2,670.00
354	KARL SUSSMAN	0.00
355	JOAN RILEY IRA	178.00
356	FRANK J PACITTO	890.00
357	RUTH NECCO C/F	400.50
358	MIMI KULBACK SHAW	178.00
359	ANN F KAFOREY TOD	890.00
360	HARRIS & HARRIS GROUP INC	103,240.00
361	STEIN ROE SMALL COMPANY GROWTH FUND	704,880.00
362	SR&F SPECIAL VENTURE PORTFOLIO	704,880.00
363	CONNECTICUT COLLEGE ESSEX INVEST	10,700.00

DATE: 11/28/01
TIME: 11:47:38NANOPHASE TECHNOLOGIES CORPORATION SECURITIES LITIGATION
SUMMARY LOSS CALCULATIONS
FOR GOOD CLAIMS ONLY

PAGE:

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CLAIM #	FULL NAME	RECOGNIZED LOSS
364	THE NORINE B KING FAMILY TRUST	534.00
365	JOHN J & KATHLEEN K MULCAHY	178.00
366	ROBERT KLEIN &	1,068.00
367	VIRGINIA E SCHROEDER	712.00
368	DOUGLAS MASLOW	1,869.00
369	RICHARD MASLOW	0.00
370	ALLISON MASLOW	0.00
371	CHRISTINE M SCIACCA	89.00
373	LESLIE MASLOW	0.00
374	KERRY METZ &	178.00
375	CHARLES F BARBER	1,780.00
376	KATHERINE FOX	89.00
378	K DAVID GALYEAN	445.00
379	DONALD P HURLBERT &	356.00
380	CHRISTOPHER GERMANO	534.00
381	CARL ROACH &	178.00
382	ELIZABETH A SEHI IRA R/O	356.00
383	STEPHEN WARCHAK	445.00
384	LLOYD MARTIN	1,780.00
386	FRED REINER	356.00
387	JAYHAWK INSTITUTIONAL PARTNERS LLC	0.00
388	MARGARET JACKSON	142.40
389	ALAN J BOWEN &	178.00
390	EDWARD J HOWENSTEIN	0.00
391	RON G BECKORT	534.00
392	S EDMOND FARBER &	1,780.00
394	BECKY SPENCER	534.00
396	VINCENT V PAZERESKAS	3,560.00
397	THE NORTHERN TRUST COMPANY CO AS TTEE	0.00
398	THE NORTHERN TRUST COMPANY AS TTEE	25,098.00
399	THE NORTHERN TRUST CO AS TTEE	11,214.00
400	THE NORTHERN TRUST COMPANY AS TTEE	15,250.00
402	THE NORTHERN TRUST CO AS TTEE	17,711.00
403	THE NORTHERN TRUST COMPANY AS TTEE	67,404.10
404	ROBERT MAYER IRA R/O	0.00
405	BANK ONE TRUST COMPANY NA	9,078.00
406	UNION BANK OF CALIFORNIA	0.00
407	BILLY M LONG &	200,072.00
408	UMB BANK CUSTODIAN AMERICAN LEBANESE	43,076.00
409	UMB BANK CUSTODIAN ROBERT GALANTI	0.00
410	UMB BANK CUSTODIAN	0.00
411	UMB BANK CUSTODIAN	6,230.00
412	UMB BANK GREAT PLAINS TRUST CO	64,080.00
413	FIDELITY ADVISORS STRATEGIC OPPORTUNITIES	178,000.00
415	KEVIN OMEARA	3,560.00
416	IRON WORKERS OF NEW ENGLAND PENSION FUND HJO1	61,944.00
417	HOWARD HYMEN &	712.00
418	SMALL CAP EQUITY FUND	161,535.00
419	SMALL CAP GROWTH EQUITY FUND	40,529.62
420	KRIKOR & SILVA BEZDIKIAN	1,513.00
421	BASTIAN-SMALL CAP EQUITY	5,963.00
422	TURPIN FAMILY TR-SM CAP	2,225.00
423	BARBARA HIXON-FOSTER SM CAP	4,539.00
424	BETSY H HIXON-GEIGER	8,812.25
425	PAULINE HIXON-TURPINE-SM CAP	7,921.00
426	BETSY HUNTER-GEIGER POA2 SM CAP	5,518.00
427	PEGGY HUNTER-TURPIN POA2-SM CAP	7,209.00
428	BETSY HUNTER FOSTER	5,429.00
429	WESTSIDE CANADIAN PROPERTIES CO	1,424.00
430	KATHLEEN ROBB IRA	1,424.00
431	RENSHAW-SHAW CRT LG CAP	89.00
432	THERESA A WILHOIT	2,848.00
433	J TIMOTHY & DENICE A MURPHY	580.37
434	PETER P TONG	2,136.00
435	ABLE PLASTICS	937.50
436	DAVID A LEVINE	1,335.00
437	THOMAS TEEGARDEN &	89.00
438	CAREN FOGEL	667.50
439	BARRY FEINBERG	1,246.00
440	DONNA FEINBERG	578.50
441	KENNETH D FOX &	712.00
442	TRACY AVEDON	489.50
443	LESLIE R BEN	534.00
444	JOHN COCCIEMIGLIO TOD	1,068.00
445	WILLIAM NICKEL &	890.00
446	UNION BANK OF CALIFORNIA	0.00
447	CHARLES J LUCAS &	1,780.00
448	IRA SHADER	1,780.00

DATE: 11/28/01
TIME: 11:47:38

NANOPHASE TECHNOLOGIES CORPORATION SECURITIES LITIGATION
SUMMARY LOSS CALCULATIONS
FOR GOOD CLAIMS ONLY

PAGE:

6

CLAIM #	FULL NAME	RECOGNIZED LOSS
449	BARRY FEINBERG BSSC MASTER	311.50
450	GREGORY GERARD	445.00
451	RAYNA KNOBLER	623.00
452	DANIEL M FLYNN &	356.00
453	LISA WOLFF	267.00
454	MICHAEL BRAUN &	178.00
455	BRUCE STRAUSS IRA DTD 10/17/83	890.00
456	RICHARD GRAHAM &	3,560.00
457	BARRY FEINBERG BSSC MASTER	311.50
458	BARBARA SPETALNICK &	1,246.00
459	GREG GERARD IRA	445.00
460	FRED N GERARD IRA	1,290.50
461	REFJ ASSOCIATES	890.00
462	HATCH MC CRAY	712.00
463	SANDRA MC CRAY IRA	445.00
464	CHANDLER MC CRAY	890.00
465	JEAN MOUTON	1,068.00
466	MARTIN POPS	578.50
467	DELILA WILSON PARROTT	534.00
468	EDWARD FLUHR	356.00
469	M. MARTHA FLUHR &	3,560.00
470	BRETT STANWYCK &	178.00
471	GREAT PLAINS TRUST EQUITY GROWTH FD	7,120.00
472	LAWRENCE HOECKER	1,780.00
474	VANGO LP	0.00
475	BARBARA FRANKFURT	0.00
476	SEYMOUR FRANKFURT &	0.00
477	JOSHUA FRANKFURT	0.00
478	DANIEL FRANKFURT	0.00
479	HULLBRIDGE INVESTMENT LTD	3,916.00
480	COMPLETNESS FUND A/C #92176	4,450.00
481	US EQUITIES FUND A/C #997940	7,120.00
482	STEPHEN GRIMES (06-106889)	0.00
483	DANA FARBER PENSION PLAN-ESSEX (4600577)	1,701.02
484	BENTLEY COLLEGE ESSEX 4702012	3,852.31
487	FRONTIER CAPITAL MGMT 4503682	6,586.00
488	DANF1208002-DANA FARBER INC/DAN ESSEX INVEST	20,750.00
489	HASF8541392-HASBRO/PEREGRINE SM CAP	18,746.00
490	PMRF5021142 PROMEDICA HEALTH SYS FRONTIER	8,722.00
491	PMSF8572482-UNIV OF PGH MED CTR FRONTIER	4,450.00
492	PRHF5011122-PROMEDICA HEALTH SYSTEM FRONTIER	19,046.00
493	SOJF2385002-SOCIETY OF JESUS OF NE/FRONTIER	9,078.00
494	UPMF5041652-UNIV OF PGH MED CTR / FRONTIER	23,496.00
495	WELF1445002 WELLESLEY COLLEGE/ESSEX	23,650.00
496	10458320009-SUSQUEHANNA HEALTH RET PLAN TRUST	1,085.80
504	WILLIAM B BARNARD TTEE	3,560.00
1001	ROBERT S HURWITZ &	890.00
1003	MICHAEL ERFRAN	178.00
1004	JANICE A HENRY	222.50
1005	DAVID L PIPAL &	356.00
1006	FIRST UNION NATIONAL BANK TTEE	11,570.00
1007	MARK SNYDER &	667.50
1008	DOUGLAS BRASWELL	0.00
1009	DIANE MAAS	623.00
1010	RICHARD LOOMIS	311.50
1011	LAURENCE PASKOWITZ	267.00
1012	JEFFREY ABRAHAMS	356.00
1013	JOHN G SIMONS	356.00
1014	ANN H WARREN &	1,780.00
1015	MICHAEL E BARRON	890.00

Total Number of Claims: 450

TOTALS: 4,894,871.030

DATE: 11/28/01
TIME: 11:47:56

NANOPHASE TECHNOLOGIES CORPORATION SECURITIES LITIGATION
SUMMARY LOSS CALCULATIONS
FOR BAD CLAIMS ONLY

PAGE:

1

EXHIBIT D

CLAIM #	FULL NAME	RECOGNIZED LOSS
6	ARTHUR SINKLER	2,670.00
30	BEN E KEITH COMPANY	8,900.00
37	JAMES W JANOSKEY	7,214.34
41	CURTIS ERICKSON	46.50
97	ROBERT GREY	356.00
108	BARBARA CARLSON-DAVIS	200.00
112	EUCLID FINANCIAL LLC	3,560.00
129	MIREL RAMNICEANU &	178.00
139	GARRY FETMAN	375.00
156	EDMUND HIGGINS	534.00
160	WILLIAM KENWISHER TTEE	356.00
163	MARYANN DEFIORE	0.00
172	EARL FRY &	1,780.00
183	LARRY SCHMITT &	267.00
215	STEPHEN F ROSEN &	356.00
240	FREDERICK NELSON &	178.00
241	KENNETH LIPPMANN &	1,780.00
245	JOHN G SCHWENGER	3,560.00
275	NATIONAL BANK OF COMMERCE TTEE	17,800.00
301	GARRY FETMAN	375.00
312	LAMONT E LEATHERMAN	178.00
319	HOWARD BAUMGARTEN	890.00
338	MITCHELL CK PANG &	712.00
348	THOMAS P CONNOLLY	534.00
499	GLENN E MAYER &	3,560.00
500	NINA STREITFIELD	0.00
Total Number of Claims: 26		TOTALS: 56,359.840

DATE: 11/28/01
TIME: 11:48:09

NANOPHASE TECHNOLOGIES CORPORATION

PAGE NO.: 1

INELIGIBLE REPORT

EXHIBIT E

CLAIM NO.	FULL NAME (PAYEE)	LAST NAME	INEL.	NOT IN CLASS	DUP OF:
9	HARVEY GROSSBLATT	GROSSBLATT	-X-		131
16	SARASWATHI R KALAMBUR IRA	KALAMBUR	-X-	Y	
47	NOEL INCAVO &	INCAVO	-X-	Y	
52	FRED KUBASAK JR	KUBASAK	-X-	Y	
71	EDWARD RABIN AS TTEE	RABIN	-X-		216
88	JOHN WILLIAMS JR	WILLIAMS JR	-X-		69
92	NEAL BAIGH	BAIGH	-X-	Y	
111	EARLE PETERSON IRA	PETERSON	-X-		15
128	EMANUEL R DAVIS	DAVIS	-X-	Y	
138	HOWARD BUZZ SIMONS & ARIC SIMONS AND	SIMONS	-X-		57
144	ROBERT L BATDORF IRA ROLLOVER	BATDORF	-X-		5
177	SCOT HOLDING INC		-X-		34
178	MANHATTAN GROUP FUNDING	HELLER	-X-	Y	
180	VLADIMIR GOLOVCHINSKY	GOLOVCHINSKY	-X-		45
200	CIBC WORLD MARKETS		-X-	Y	
208	FRED CRISCUOIO	CRISCUOIO	-X-		26
221	BRUCE STRAUSS	STRAUSS	-X-		455
228	MICHAEL T MAHER AND	MAHER	-X-		29
229	MAGNA CARTA LIMITED PARTNERSHIP		-X-		7
284	JOHN O'QUINN	O'QUINN	-X-		87
294	EMANUEL R DAVIS	DAVIS	-X-	Y	
296	A ROBERT BUONANO &	BUONANO	-X-		14
310	ADELL D TROMMER IRA R/O	TROMMER	-X-		125
315	JEFFREY ALAN BRUGGEMANN	BRUGGEMANN	-X-	Y	
322	SUZANNE EMERSON	EMERSON	-X-		38
340	PETER BLOOM	BLOOM	-X-	Y	
344	DURAND NDSC JAIME COD.699	DURAND	-X-		
372	MARK COLUMBO	COLUMBO	-X-	Y	
377	KATHERINE FOX	FOX	-X-		376
385	KEY BANK NA FBO	RAVNDAL	-X-		184
393	EDWARD W RABIN AS TTEE	RABIN	-X-		216
395	HOLTZMAN FRONTIER CAP MGMT	HOLTZMAN	-X-	Y	184
401	THE NORTHERN TRUST COMPANY AS TTEE	CAPITALIZATION EQTY	-X-		285
414	SUMMERBEND & CO NOMINEE FOR MERCK & CO INC FUND	MERCK & CO INC	-X-		280
473	PATRICIA NEMES	NEMES	-X-	Y	
485	T&T RETIREMENT PLAN-ESSEX A/C #020405307600	ESSEX	-X-	Y	
486	NEWTON-WELL ESSEX 020505131024		-X-	Y	
497	DIANE MAAS	MAAS	-X-		1009
498	MARK B SYNDER & NANCY GLASS SNYDER JT WROS	GLASS	-X-		1007
501	MARK B SYNDER & NANCY GLASS SNYDER JT WROS	GLASS	-X-		1007
502	DIANE MAAS	MAAS	-X-		1009
503	RICHARD A LOOMIS	LOOMIS	-X-		1010
1002	VIRGINIA COCHARY TRUST OF 2/16/94	CHOCHARY	-X-	Y	

Number of Claims: 43

EXHIBIT F

NANOPHASE SECURITIES LITIGATION
c/o DAVID BERDON & Co. LLP
P.O. BOX 4171
GRAND CENTRAL STATION
NEW YORK, NY 10163

August 7, 2001

NOT IN CLASS LETTER
SAMPLE

Your Claim Number: Nanophase-3

Dear Claimant:

We acknowledge receipt of the Proof of Claim and Release form you filed in connection with the Nanophase Securities Litigation, which has been assigned the above claim number.

Our examination of your claim indicates that you did not meet the requirements of this litigation, since you did not purchase common stock of Nanophase Technologies Corporation during the period from November 26, 1997 through January 8, 1998, inclusive.

Accordingly, please be advised that you are not an eligible Class Member, and we will recommend that the Court not allow your claim.

Should you disagree with this determination, you must respond to us, in writing, within twenty (20) days from the date of this letter, setting forth the basis of your objection and including documentation in support thereof.

If you have any questions, please contact us at 1-800-766-3330, or by fax at 516-931-0810. Please refer to your claim number in all correspondence.

It is extremely important that you advise us of any change of address, in writing, to the above address, or by fax at 516-931-0810.

Very truly yours,

Claims Administrator
Nanophase Securities Litigation

NANOPHASE SECURITIES LITIGATION
c/o DAVID BERDON & Co. LLP
P.O. BOX 4171
GRAND CENTRAL STATION
NEW YORK, NY 10163

August 7, 2001

DUPLICATE CLAIM LETTER
SAMPLE

Your Claim Number: Nanophase-4

Dear Claimant:

We acknowledge receipt of the Proof of Claim and Release form you filed in connection with the Nanophase Securities Litigation, which has been assigned the above claim number.

Our examination of your claim indicates that it is a duplicate of claim number Nanophase-100.

Accordingly, please be advised that we will recommend to the Court the rejection of this duplicate claim.

Should you disagree with this determination, you must respond to us, in writing, within twenty (20) days from the date of this letter, setting forth the basis of your objection and including documentation in support thereof.

If you have any questions, please contact us at 1-800-766-3330, or by fax at 516-931-0810. Please refer to your claim number in all correspondence.

It is extremely important that you advise us of any change of address, in writing, to the above address, or by fax at 516-931-0810.

Very truly yours,

Claims Administrator
Nanophase Securities Litigation

NANOPHASE SECURITIES LITIGATION
c/o DAVID BERDON & Co. LLP
P.O. BOX 4171
GRAND CENTRAL STATION
NEW YORK, NY 10163

FINAL NOTICE

September 25, 2001

NOT IN CLASS LETTER
SAMPLE

Your Claim Number: Nanophase-3

Dear Claimant:

We have previously acknowledged receipt of the Proof of Claim and Release form you filed in connection with the Nanophase Securities Litigation, which has been assigned the above claim number.

Our examination of your claim indicates that you did not meet the requirements of this litigation, since you did not purchase common stock of Nanophase Technologies Corporation during the period from November 26, 1997 through January 8, 1998, inclusive.

Accordingly, please be advised that you are not an eligible Class Member, and we will recommend that the Court not allow your claim.

Should you disagree with this determination, you must respond to us, in writing, within ten (10) days from the date of this letter, setting forth the basis of your objection and including documentation in support thereof.

If you have any questions, please contact us at 1-800-766-3330, or by fax at 516-931-0810. Please refer to your claim number in all correspondence.

Very truly yours,

Claims Administrator
Nanophase Securities Litigation

NANOPHASE SECURITIES LITIGATION
c/o DAVID BERDON & Co. LLP
P.O. BOX 4171
GRAND CENTRAL STATION
NEW YORK, NY 10163

FINAL NOTICE

September 25, 2001

DUPLICATE CLAIM LETTER
SAMPLE

Your Claim Number: Nanophase-4

Dear Claimant:

We have previously acknowledged receipt of the Proof of Claim and Release form you filed in connection with the Nanophase Securities Litigation, which has been assigned the above claim number.

Our examination of your claim indicates that it is a duplicate of claim number Nanophase-100.

Accordingly, please be advised that we will recommend to the Court the rejection of this duplicate claim.

Should you disagree with this determination, you must respond to us, in writing, within ten (10) days from the date of this letter, setting forth the basis of your objection and including documentation in support thereof.

If you have any questions, please contact us at 1-800-766-3330, or by fax at 516-931-0810. Please refer to your claim number in all correspondence.

Very truly yours,

Claims Administrator
Nanophase Securities Litigation

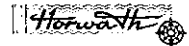


DAVID BERDON & CO. LLP

Certified Public Accountants

One Jericho Plaza
Jericho, NY 11753-1635
Tel: (516) 931-3100
Fax: (516) 931-0034

EXHIBIT G



A member of Horwath International

415 Madison Avenue
New York, NY 10017-1178
Tel: (212) 832-0400
Fax: (212) 371-1159
www.dberdon.com

November 28, 2001

Nanophase Securities Litigation
c/o Stull, Stull & Brody
6 East 45th Street - Suite 500
New York, NY 10017

Attn: Edwin J. Mills, Esq.

Client Code 35590

**FOR THE FOLLOWING SERVICES RENDERED AND
TO BE RENDERED IN CONNECTION WITH THE
NOTICE AND ADMINISTRATION OF NANOPHASE
SECURITIES LITIGATION:**

A litigation support staff, which includes David Berdon & Co. LLP ("Berdon") partners, managers, supervisors and claims administrators, as well as computer support, data entry and file retrieval personnel, have been involved on an ongoing basis with all matters relative to the Notice of Class Action, Proposed Settlement and Hearing Thereon and the Proof of Claim and Release Form (collectively, the "Notice") in connection with the Nanophase Technologies Corporation Securities Litigation ("Nanophase"), as follows:

Reviewed the Stipulation of Settlement, the Preliminary Approval Order and the Notice Schedule to coordinate the Court-ordered time schedule with the necessary procedures for initial mailing and other deadlines.

Converted into mailing labels: (1) from lists provided by Defendants' counsel, the names and addresses of (a) shareholders identified from the transfer records, and (b) nominees identified from the Participant Position Report of the Depository Trust Company; (2) from a data base created and maintained by Berdon, the names and addresses of the specific research and compliance personnel of brokers, banks and other nominees; and (3) the names and addresses of financial institutions identified by Vickers Directory of



DAVID BERDON & CO. LLP

Institutional Investors having held positions in Nanophase during the Class Period.

Arranged for the input and various revisions of galley proofs of the Notice, reviewed same, made suggestions to Plaintiffs' Counsel regarding format and layout, integrated all changes and comments, and obtained final approval of revised proofs from Plaintiffs' Counsel; calculated the size of the print run, and arranged for the printing and distribution of the Notice.

Caused the Notice to be mailed, first-class, within the time prescribed by the Order, on December 28, 2000, to 3,819 Class members and nominees as described above.

Established a post-office box and provided for daily pick-ups of mail, which were then sorted into: (1) returned mail; (2) requests for copies of the Notice from individuals and nominees; (3) claimants' completed Proof of Claim Forms; and (4) one request for exclusion.

Maintained an "800" customer service telephone number during normal business hours, enabling the claims administration staff to respond to: (1) requests for copies of the Notice; and (2) Class members' questions and address their concerns with regard to: (a) the language in the Notice; (b) the completion of the Proof of Claim; (c) the appropriate documentation to be submitted; (d) the status of a particular claim; and (e) the current settlement, generally.

Upon receipt of mail and telephone requests, furnished multiple copies of the Notice to nominees for mailing to their beneficial owners, mailed them directly to beneficial owners when provided with their names and addresses, and mailed copies to individuals, for a total additional mailing of 3,173 Notices.

Kept a daily log of all incoming requests for the Notice and the dates of Berdon's compliance therewith, and maintained a file of written requests, photocopies of labels, and lists of names and addresses received from nominees.



DAVID BERDON & CO. LLP

Re-addressed and re-mailed returned Notices where a forwarding address was provided, and answered all general correspondence.

Received and kept a record of the request for exclusion and provided a photocopy thereof to Plaintiffs' Counsel.

Made follow-up phone calls and/or transmitted follow-up faxes to nominees who had failed to timely respond to the initial mailing, in order to make every reasonable effort to insure that all potential claimants received the Notice in a timely fashion.

Prepared an Affidavit of Mailing and Publication in connection with: (1) the dates and sizes of the initial Notice mailing, and (2) the fulfillment of telephone and mail requests for copies of the Notice, and submitted same to Plaintiffs' Counsel for filing with the Court.

The claims administration procedure utilized was as follows:

Researched the price history and reorganization activity as to any Nanophase splits, mergers and/or conversions.

Opened the mail upon receipt, assigned a claim number to each Proof of Claim Form, and filed each claim in a folder bearing a corresponding number; examined each claim to determine proper completion and appropriate documentation.

Created drafts of various letters (i.e., deficiency letters, rejection letters, etc.) for communication with claimants and submitted same for approval of Plaintiffs' Counsel.

Entered information submitted by claimants into a computer database specifically created for the administration of Nanophase claims with regard to future profiling, evaluation, loss calculation and status throughout the entire process until distribution.

Provided Plaintiffs' Counsel with reports as to: (1) the status of completion; and (2) certain claims processing



DAVID BERDON & CO. LLP

assumptions that would be made; and discussed with Plaintiffs' Counsel certain aspects of the Plan of Allocation.

At various times during the claims administration process, mailed: (1) deficiency letters to claimants whose claims were unacceptable by reason of improper completion of claim forms and/or inadequate furnishing of documentation; (2) rejection letters to claimants whose claims were deemed to be ineligible by reason of having filed duplicate claims, or not having met the requirements of the litigation referable to the Class Period; and (3) individual letters tailored to special situations, as needed.

Responded by phone and letter to claimants' complaints in connection with their difficulty in locating documentation, as well as to their requests for assistance in completing claim forms.

Performed computer searches by name, address, and tax identification number to identify, compare and eliminate any duplicate claims filed and to identify claimants defined as excluded who may have filed a Proof of Claim.

Prepared final reports for Plaintiffs' Counsel and a final affidavit for the Court in connection with: the claims processing procedures, the total claims to be recommended as good and those for which rejection is to be recommended, in whole or in part, as well as the calculation of the proposed distribution.

Prepared a report setting forth the damages for each valid claimant and the aggregate damages for all valid claimants, as well as a report setting forth each valid claimant's share of the distribution.

Prepared and filed Settlement Fund income tax returns for the tax year 2000 and will do so for the tax year 2001 when required.

Upon receiving Court approval, this office will order, prepare and mail distribution checks to all eligible claimants.



DAVID BERDON & CO. LLP

In the normal course of events, Berdon will replace lost or stolen checks and reconcile bank statements and outstanding checks. We will trace those claimants whose checks do not clear and attempt to contact them to effect clearance of the distribution check.

All records in connection with this matter will be maintained for a period of three years, or such other period as may be required.

Fee for services rendered and to be rendered (pursuant to agreement)	\$ 25,000.00
Preparation of returns for tax year 2000 and 2001, when required @ \$2,500.00	<u>5,000.00</u>
Total Fee	\$ 30,000.00

Out-of-pocket costs outstanding:

Brokers, banks and nominees (invoices attached)	\$ 3,531.43
Vickers Stock Research Corp. (invoice attached)	37.98
Telephone & fax	62.00
Postage & shipping	2,153.52
Post Office box	650.00
Supplies	<u>71.35</u>
	\$ 3,824.78

Estimated future costs:

Checks & envelopes	\$ 300.00
Postage	160.00
Storage	<u>100.00</u>
	\$ 560.00

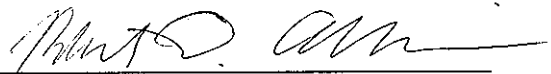
Total disbursements	<u>4,384.78</u>
---------------------------	-----------------

Total	<u>\$ 34,384.78</u>
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<p>PLEASE MAIL YOUR REMITTANCE TO: CLAIMS DEPARTMENT C/O DAVID BERDON & CO. LLP, ONE JERICO PLAZA, JERICO, NY 11753</p>

CERTIFICATE OF SERVICE

I, Robert D. Allison, Co-Liaison Counsel for Plaintiffs, certify that I caused a true copy of the foregoing Notice of Motion and Plaintiffs' Motion For An Order Adopting The Recommendations Of The Claims Administrator As To Class Member Claims, Compensating The Claims Administrator, and Directing Distribution Of The Net Settlement Fund, with attached exhibits, to be served on all counsel on the attached Service List, by first class mail, proper postage prepaid, this 6th day of December, 2001.



Robert D. Allison

SERVICE LIST

Bonita L. Stone
Dawn M. Canty
Stewart T. Kusper
Katten Muchin & Zavis
525 West Monroe Street, Suite 1600
Chicago, Illinois 60661

Robert M. Buschmann
Winston & Strawn
200 Park Avenue
New York, New York 10166

Bruce R. Braun
Winston & Strawn
35 West Wacker Drive
Chicago, Illinois 60601

Richard L. Fenton
Gerald E. Fradin
Sonnenschein Nath & Rosenthal
8000 Sears Tower
Chicago, Illinois 60606

David L. Weinstein
Michael Dockterman
Samuel S. Cohen
Wildman Harrold Allen & Dixon
225 West Wacker Street
Suite 2600
Chicago, Illinois 60606

Arnold A. Pagniucci
Sarah R. Wolff
James A. Rolfes
Sachnoff & Weaver, Ltd.
30 South Wacker Dr.
Suite 2900
Chicago, Illinois 60606